

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Public Programs Branch**

**RESOLUTION T-16746
May 22, 2003**

R E S O L U T I O N

RESOLUTION T-16746 AUGMENTING THE 2002/2003 BUDGET OF THE DEAF AND DISABLED TELECOMMUNICATIONS PROGRAM IN ORDER TO IMPLEMENT PROGRAM TRANSITION PURSUANT TO PUBLIC UTILITIES CODE SECTIONS 270.1, 278, 278.5 AND 2881.4.

Summary

This Resolution adopts a budget augmentation cap for the Deaf and Disabled Telecommunications Program (DDTP) for fiscal year 2002/03 in the amount of \$16,956,350. These funds will 1) cover the necessary costs of transition-related events associated with the transition of the DDTP to comply with PU Code Sections 270.1, 278, 278.5 and 2881.4 and 2) provide financial and operational stability to the DDTP during the first quarter of the program transition (July 1 – September 30, 2003). The program will be transitioned from one operated by DDTP staff under the direction of the Deaf and Disabled Telecommunications Program Administrative Committee (DDTPAC) to a program operated by Commission staff through administration of contracts. The transition-related costs adopted in this resolution are not included in the current adopted fiscal year 2002/03 DDTP budget, approved in Resolution T-16663.

Background

As a result of Senate Bill (SB) 669, passed by the legislature and Governor in 1999, and Assembly Bill (AB) 1734, signed into law in June 2002, the current operation of the Commission's public programs will change. This resolution focuses on the DDTP, the final public program to implement the provisions of SB 669 as amended by AB 1734. The Commission established the DDTP to implement three legislative mandates: PU Code Section 2881(a) authorizes the provision of TTYs to deaf or hard of hearing individuals, PU Code Section 2881(c) authorizes the provision of other specialized telecommunications equipment to consumers with hearing, vision, mobility, speech, and cognitive disabilities, and PU Code Section 2881(b) uses third-party intervention (also known as the California Relay Service) to connect consumers who are deaf or hearing impaired with hearing parties. The DDTP is funded through a surcharge on ratepayer phone bills for intrastate services and to this point has been overseen by the

Commission, operated by an external staff and administered by the DDTPAC with input from the California Relay Service Advisory Committee and the Equipment Program Advisory Committee. Among the changes as a result of SB 669 and AB 1734 is the transition of the DDTP from a program operated by external staff to one operated by staff providing services under contract with the Commission. Other DDTP transition elements include transferring the funds for the DDTP to the State Treasury and altering the current role of the DDTPAC to advisory.

Commission Resolution T-16663 approved the current DDTP fiscal year 2002/03 budget on August 22, 2002 for the period of July 1, 2002 to June 30, 2003. On December 13, 2002, in Resolution T-16703 the Commission established a transition plan for the DDTP. Ordering Paragraph 6 of Resolution T-16703 ordered the DDTPAC to develop and submit a work plan for the termination of the current DDTP staff, including a two-week overlap of the current staff and the management level staff of the future contractor. The DDTPAC response was due to the Executive Director and Commission no later than January 31, 2003. The DDTPAC response was received January 30, 2003 and the recommendations impacting the budget include:

1. Staff retention incentives,
2. Outplacement services,
3. Cashing-out of accrued vacation and sick leave,
4. Supplementary consultant contingency fund,
5. Maintenance of benefits for departing employees.

On January 30, 2003, a letter was sent by the Director of the Telecommunications Division (TD) directing the DDTPAC to submit a fiscal year 2002/03 budget augmentation request no later than February 14, 2003. The augmentation request was intended to cover costs associated with the transition that were not included in the current Commission adopted program budget established in Resolution T-16663.

On February 12, 2003 the DDTPAC provided a budget augmentation request, including costs for:

1. A contract annual payment equaling 25% of the anticipated contract amount to cover staff salary into the new fiscal year as authorized by P.U. Code 2881.4,
2. Financial and inventory audits costs,
3. A two-week contractor overlap training period in which the current DDTP staff will assist the new contractor staff in becoming familiar with program operations,
4. Staff retention incentives,
5. Temporary labor services to replace staff who find other employment.

The total estimated budget augmentation for transition expenses submitted by the DDTPAC is \$4,271,300.00.

The budget augmentation request and the staff termination work plan for DDTP staff overlap in the areas dealing with personnel issue costs requiring budget augmentation. The Executive Director of the Commission responded to the work plan for terminated employees on March 20, 2003. The elements of the response, which impact the budget augmentation request from DDTPAC are reflected in this resolution and included in the budget augmentation when appropriate.

Discussion

Contract Annual Cash Advance Payment

On January 8, 2003, the Commission issued an Invitation for Bid (IFB) to operate and manage the DDTP beginning July 1, 2003. The IFB requires that an advance payment be made to the contractor on June 16, 2003, equaling no more than 25% of the total contract amount for the fiscal year 2003/04. The purpose of the payment is to avoid a lack of funds available to the program during this transition period. The 25% advance payment is authorized by PU Code Section 2881.4, which allows the Commission to provide for periodic advance payments of no more than 25 percent of the total annual contract amount to DDTP contractors. The CPUC staff will make the payment to the contractor in the 2002/03 fiscal year, therefore the funds will be drawn from the DDTP's Trust account with Bank of America.

Bids on the IFB were due March 21, 2003, and opened on March 28, 2003. Only the California Communications Access Foundation (CCAF) submitted a bid. The TD deemed the bid eligible as it met the bid criteria. The CCAF contract has not yet been approved by the Commission or reviewed and approved by the Department of General Services. A draft resolution recommending Commission approval of the CCAF bid was released on April 8, 2003 for consideration at the May 22, 2003 Commission meeting.

The DDTPAC budget augmentation request included an estimated \$2.7 million advance payment based on the existing DDTP budget. The CCAF bid was received after the DDTPAC budget augmentation request was submitted. Therefore, based on the CCAF contract bid amount of approximately \$6.85 million, the Commission adopts a budget augmentation of approximately \$1.71 million for the 25% contract advance payment.

Financial and Inventory Audits

Ordering paragraph 5 of Resolution T-16703 required the Executive Director of the DDTP and TD staff to work together to develop a work plan, including timetables and cost estimates for a financial audit and DDTP equipment and asset inventories. The work plan was to be submitted to the TD Director no later than January 21, 2003 for review. The work plan was submitted on time and included an estimate of \$40,000 for equipment and asset inventories and \$70,000 for the financial inventory. TD's Director

reviewed the work plan, found it acceptable and informed the DDTP staff in a letter dated January 30, 2003. As these cost estimates were developed with TD cooperation and deemed acceptable by TD's Director, they are adopted as budget augmentations.

Contractor Overlap Training Period

Resolution T-16703 required the DDTPAC to develop a work plan for the termination of the current DDTP staff, including an overlap of two full weeks of the current staff and management staff of the new contractor. The two-week period would allow current staff to provide the new contracted staff with an introduction and orientation to program operations, including travel to DDTP walk-in centers and vendor sites. The work plan was submitted to the Commission's Executive Director on January 30, 2003, and estimated \$5100 for this purpose. The only bid to be submitted for the contract to operate the DDTP program starting July 1, 2003, came from CCAF, an entity made up of existing DDTP staff. On that basis no introduction or orientation period is needed, however, in the event new staff is hired, travel related to an introduction and training period would be necessary. The \$5100 is adopted, but written pre-approval of the TD Director is required before disbursing any funds for this purpose.

Staffing Retention Recommendations

In its letter to the Commission's Executive Director, the DDTPAC recommended a "retention incentive equal to 10% of an employee's annual wage to be paid to those who remain until 5:30 p.m. on Monday, June 30, 2003". DDTPAC further recommended, "[a] reserve fund, covering all employees be established. The share allocated to employees who separate from the program prior to June 30, 2003, would then be distributed to the remaining employees, to fairly compensate the remaining employees for the added workload they are required to perform due to the absence of other employees."

In his letter dated March 30, 2003, the Commission's Executive Director stated, "We do not approve of the 10% of an employee's annual wage retention incentive. Although, we of course would like DDTP employees to work through June 30, 2003, we believe this would be an unwise use of ratepayer's money. It does not appear that the retention incentive would be cost effective. The DDTP Employee Handbook does not include such a retention incentive. We are unaware of any precedent for such a retention incentive. We also note that state employees would not get such a retention incentive."

DDTPAC also recommended that "key employees be invited to sign a memorandum of agreement committing themselves to remain with DDTP through June 30, 2003; as acknowledgment of this commitment, the key employee will receive an *additional* retention incentive equal to 10% of the annual salary. The DDTPAC has identified essential (key employees) for this activity and deems it absolutely essential that the following managers continue with the program: 1) Both Directors, 2) All Department Managers." (emphasis added.)

The Commission's Executive Director responded, "We disagree with this recommendation. Under this recommendation, key employees would receive a 10%

retention incentive and a 10% additional retention incentive. As stated above, we do not approve of a 10% of an employee's annual wage retention incentive. For the same reasons, we also disapprove of an additional retention incentive for key employees. Although, we would like key employees to work through June 30, 2003, we believe this would be an unwise use of ratepayer provided funds. The DDTP Employee Handbook does not include such a retention incentive. We are unaware of any precedent for such a retention incentive. We also note that state employees would not receive such a retention incentive."

DDTPAC recommended, "in the event the additional 10% retention incentive for managers is not approved, a supplementary fund of \$100,000 be allocated for the use of the Executive Director of DDTP to retain contracted consultants who may be required to replace key personnel who sever their employment prior to June 30, 2003. This \$100,000 fund would be established as a contingency and only used if required to replace key personnel and only in the amounts necessary for such temporary replacement."

The Commission's Executive Director stated in his letter, "We believe it is prudent to maintain a supplementary fund of \$100,000 for the purpose of retaining contracted consultants to replace key employees if necessary. Moreover, this fund would be used only as a contingency. Written pre-approval from the Director of the TD is required before disbursing any money for contracted consultants to replace key employees."

DDTPAC has recommended "Outplacement Services be established for employees leaving voluntarily or involuntarily from the program, on June 30, 2003. These Outplacement Services should be available to employees effective July 1, 2003 for a period of no less than 90 days." The estimated cost for this service is \$21,000.

The Commission's Executive Director agreed and stated, "We would like to assist DDTP employees during this transition period, and we believe Outplacement Services would be useful to the DDTP employees."

For departing employees, DDTPAC recommended, "all accrued leave, both vacation and sick leave, be cashed out to departing employees who remain with the program until June 30, 2003." DDTPAC further states "[t]here is a legal mandate for cashing out vacation leave. The CPUC has set precedent in cashing out sick leave for employees of other public programs closed down by the Commission, and we recommend that be done in this situation. If remaining accrued sick leave is not cashed out for departing employees, the operations of the program could be severely impacted by employees taking advantage of the accrued sick leave before the termination of the current administration and having unscheduled absences during the weeks of the current operation."

The Commission's Executive Director agreed that for departing DDTP employees, vacation leave should be cashed out and stated, "With regard to sick leave, we understand the concern about the possibility of the operations of the DDTP program being severely impacted by employees taking advantage of their accrued sick leave. Unlike the proposed retention incentives recommended by DDTPAC, an employee has earned sick leave. Although this is not provided for in the DDTP Employee Handbook, we will allow employees who remain employed until June 30, 2003 to cash out any accrued sick leave the employees may have for up to a maximum of 90 days of accrued sick leave. Any sick leave used by employees from the present until June 30, 2003 will be deducted from the sick leave they can cash out. We note the CPUC has set precedent for cashing out sick leave for the external staff of other public programs and we would like to do the same here. In addition, we hope this benefit will motivate DDTP staff to continue with the DDTP program until June 30, 2003." The estimated cost associated with this recommendation is \$189,000 including payroll taxes, and should be adopted as a budget augmentation.

For departing employees, DDTPAC recommended that "in the event that some of the current DDTP employees choose not to continue with the new contract entity, or those the new contract entity does not select to continue with the program, we recommend that supplementary funds be made available to the current management to provide an additional month of health, dental, chiropractic, long term disability, accidental death and dismemberment and life insurance coverage for employees who remain with the program until June 30, 2003."

The letter from the Commission's Executive Director stated, "We disagree with this recommendation. We believe this would be an unwise use of ratepayer's funds. The DDTP Employee Handbook does not include such a benefit. We are unaware of any precedent for such a benefit. We also note that state employees would not receive such a retention incentive. Employees may extend their benefits by paying for them, as required under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA)."

Temporary Labor Services

The DDTP believes that even if the monetary incentives for staff retention submitted in the work plan are approved, the DDTP will experience staff turnover due to job uncertainty. The DDTPAC estimated two scenarios for staff retention; the first envisioned no staff retention incentives and the second assumed that some form of incentive would be approved. The first scenario assumed no employee retention incentives would be approved and was estimated to cost \$699,600. The second scenario assumed some form of employee retention incentive would be approved and was estimated to cost \$174, 000. This issue was also addressed in the Commission's Executive Director's response to the transition work plan. That response is implemented here. Although the \$699,600 figure appears to be high, it will be included

in the adopted budget augmentation. However, written pre-approval from the Director of the TD is required before any funds intended for temporary labor are disbursed.

Accounting Hardware and Software Requirements

TD staff recommends that \$250,000 be included in the adopted budget augmentation for fiscal year 2002/03 for the cost of implementing an accounting record system for the DDTP. This system will be required since fund inflows and outflows will be the Commission staff's responsibility on and after July 1, 2003. This system will be able to track various monthly expenditures parallel to the California State Accounting and Reporting System (CALSTAR) system but with more sub-accounting details than currently provided by CALSTAR. The actual cost for this accounting record system may be less than the proposed \$250,000 since the various software and hardware requirements are currently being formulated. At this time a server, accounting software for ten users and other items may be required, including infrastructure and architecture, and consulting or other services. We will adopt the TD recommendation and include the estimate of \$250,000 in the adopted budget augmentation.

Communications Assistance

TD staff has also identified the need for additional funds in the amount of \$5,000 to be used for communications assistance. Implementing the DDTP program transition has resulted in and will continue to require the need for meetings requiring the attendance of DDTPAC members and members of the deaf and disabled communities. Communications assistance is necessary for the full participation of all attendees and we therefore adopt a budget augmentation in the amount of \$5,000 for this purpose.

The DDTP 2002/03 fiscal year budget requires augmentation in the amount of \$3,091,700, to ensure adequate funding for the transition related expenses approved in the preceding paragraphs.

Program Stability during First Quarter of Transition

In order to ensure continuous services of the DDTP during the first quarter of the transition period (July 1 – September 30, 2003), TD recommends that Commission staff work with the current staff of the DDTP and members of the DDTPAC to determine the elements of the program that need financial stability. This should include reviewing current contracts to see which program contractors may need financial support to continue providing critical program goods and services and providing those contractors with an advance payment of up to 25 percent of the annual contracted amount. TD further recommends that Commission staff review non-contracted goods and services critical to the program to determine if a thirty to ninety-day pre-payment to one or more of the vendors of these goods and services may be necessary to assure continuation of services during the first quarter of the transition period.

TD recommends that the Commission approve the inclusion of a \$13,864,650 cap in the 2002/03 fiscal budget to ensure financial and operational stability of the DDTP during

the first quarter of the transition period. TD also recommends authorizing the Commission Executive Director to review, approve and direct TD to implement 1) the amending of current program contracts to include up to a 25 percent advance payment to contractors deemed at-risk during the first quarter of the transition period and 2) up to a ninety-day pre-payment to non-contracted program vendors providing goods or services that are determined to be critical to the ongoing operations of the program.

The DDTP 2002/03 fiscal year budget requires a total augmentation cap of \$16,956,350 to ensure adequate funding during the DDTP transition preparation and the first quarter of the transition.

Notice/Protest

As instructed by the Director of the Telecommunications Division, the Executive Director of the DDTP submitted to the Commission Executive Director on February 12, 2003, a proposed augmentation to the 2002-2003 DDTP budget and also sent copies of the proposed augmentation to all parties of record in I.87-11-031. The submission was publicly noticed on the Commission's March 11, 2003 Daily Calendar. No protests or comments were received.

Notice Of Availability Of Conformed Resolution

In the past, the Commission has served hard copies of resolutions on carriers and parties on the appropriate service list(s). To be consistent with the Commission's commitment to utilize the internet for distributing Commission orders and information, TD has sent a letter of notice to parties of record in I.87-11-031, R.00-05-001, and R.03-03-014 informing them of the availability of the original draft resolution, as well as the conformed resolutions, on the Commission's web site, www.cpuc.ca.gov. In addition, a hard copy of the conformed copy of this resolution will be provided to all parties of record in I.87-11-031, R.00-05-001, and R.03-03-014.

Comments

In accordance with P.U. Code Section 311 (g), a draft resolution prepared by the TD staff was mailed on April 8, 2003, to the parties of record to Investigation (I.) 87-11-031, Rulemaking (R.) 00-05-001, R.03-03-014, the Deaf and Disabled Telecommunications Program Administrative Committee members, California Relay Service Advisory Committee members and the Equipment Program Advisory Committee members.

Initial Comments were due on April 23, 2003, and Reply Comments were due on April 28, 2003. DDTPAC and Mr. Hale Zukas, a member of the DDTPAC Administrative Committee, on behalf of himself, filed comments. Only those comments relevant to the draft resolution are addressed here.

Both DDTPAC and Mr. Zukas ask that the budget augmentation be 25% of the total DDTP program budget rather than 25% of the CCAF contract, including the various

existing contacts. The 25% advance payment is made pursuant to P.U. Code section 2881.4(e), which states:

“Notwithstanding any other provision of law, any contract entered into pursuant to this section may provide for periodic advance payments for telecommunications services to be performed or telecommunications equipment to be provided. No advance payment...may exceed 25 percent of the total annual contract amount.”

The only contract currently entered into pursuant to P.U. Code section 2881.4(e) is the CCAF contract. All other current contracts were entered into prior to the enactment of 2881.4 and therefore are not eligible for the 25% advance payment. In order to comply with P.U. Code section 2881.4(e), current contracts must be amended to include the Commission as a party to the contract. We revised the discussion section of this resolution to include recommendations on how to address this issue.

Findings

1. Resolution T-16663 approved the fiscal year 2002/03 budget.
2. The Deaf and Disabled Telecommunications Program (DDTP) budget for 2002/03 should be augmented to provide for the costs associated with transitioning the program from one operated by DDTP staff under the direction of the Deaf and Disabled Telecommunications Program Administrative Committee (DDTPAC) to a program operated by Commission staff through administration of contracts.
3. The Deaf and Disabled Telecommunications Program (DDTP) budget for 2002/03 should be augmented to provide for financial and operational stability of the program during the first quarter of the transition (July 1 – September 30, 2003).
4. As required by ordering Paragraph 6 of Resolution T-16663, the Deaf and Disabled Telecommunications Program Administrative Committee (DDTPAC) submitted a work plan on January 30, 2003 for the termination of the current DDTP staff. Certain recommendations in the work plan, if approved, affect the adopted DDTP budget.
5. In response to a letter from the Director of the Telecommunications Division, DDTPAC submitted a budget augmentation request covering costs associated with the DDTP program transition that were not covered by the current adopted fiscal year 2002/03 budget.
6. The DDTP 2002/03 budget should be augmented by approximately \$1.71 million to provide for a 25% contract annual advance payment to the California

Communications Access Foundation (CCAF) pending Commission approval of CCAF as the contractor and Department of General Services approval of the final contract.

7. The DDTP 2002/03 budget should be augmented by \$110,000 to pay for financial and inventory audits of the program.
8. For travel related expenses required during the two-week overlap period for existing staff to provide an introduction and orientation to new staff, \$5100 is adopted. Written pre-approval of the Director of the Telecommunications Division is required before disbursing any funds for this purpose.
9. Staff retention incentives are not approved. Such incentives are not a wise use of ratepayer funds, are not cost effective, do not appear in the DDTP employee handbook and state employees do not receive retention incentives.
10. A supplementary contingency fund of \$100,000 should be adopted for the use of the DDTP Executive Director to retain contracted consultants in the event key DDTP personnel sever their employment. Written pre-approval from the Director of the Telecommunications Division is required before any funds intended for such contracted consultants is disbursed.
11. The DDTP 2002/03 budget should be augmented by \$21,000 to provide outplacement services for employees leaving the program on June 30, 2003.
12. The DDTP 2002/03 budget should be augmented by \$189,800 to pay for all accrued vacation and sick leave for departing employees who remain with the program until June 30, 2003.
13. Extending all benefits for one month to departing employees is not approved.
14. The DDTP 2002/03 budget should be augmented by \$699,600 to provide for temporary labor services in the event of large DDTP staff turnover. Written pre-approval of the Director of the Telecommunications Division is required before any funds are disbursed for this purpose.
15. The DDTP 2002/03 budget should be augmented by \$250,000 for the procurement of the software and hardware required to implement an accounting record system for the DDTP consistent with the California State Accounting and Reporting System (CALSTAR) system.
16. The DDTP 2002/03 budget should be augmented by \$5,000 to provide communications assistance for meetings during the transition period.

17. The DDTP 2002/03 budget should be augmented by a cap of \$13.864 million to provide financial and operational stability to the program during July 1, 2003 through September 30, 2003 which is the first quarter of the transition period.
18. The Telecommunications Division, the Executive Director of the Deaf and Disabled Telecommunications Program and members of the Deaf and Disabled Telecommunications Program Administrative Committee should work together to determine the current program contractors at-risk of failure to provide critical program services to the ongoing operations of the program.
19. The Telecommunications Division, the Executive Director of the Deaf and Disabled Telecommunications Program and members of the Deaf and Disabled Telecommunications Program Administrative Committee should work together to determine the goods and services provided by non-contracted program vendors that are critical during the first quarter of the transition period.
20. The Commission Executive Director should be authorized to review, approve and direct the Telecommunications Division to implement 1) the amending of current contracts to include up to a 25 percent advance payment to program contractors deemed at-risk during the first quarter of the transition period and 2) up to a ninety-day pre-payment to non-contracted program vendors to ensure the delivery of essential program goods and services during the first quarter of the transition period.
21. The fiscal year 2002/03 DDTP budget augmentation as set forth in Appendix A, Column C and Appendix B, Column C of this resolution is reasonable and should be adopted.
22. On April 8, 2003 the draft of this resolution was mailed to the parties of record in I.87-11-031, R.00-05-001, R.03-03-014, the DDTPAC members, California Relay Service Advisory Committee members and Equipment Program Advisory Committee members. A copy of the cover letter of that mailing was also sent to each of the above service lists and parties advising them of the availability of this draft resolution and the conformed resolution, when adopted by the Commission on the Commission's website, www.cpuc.ca.gov. In addition, a hard copy of the conformed copy of this resolution will be provided to the parties and service lists referenced above.
23. Comments were timely filed by two parties and are addressed in the body of this resolution.

THEREFORE, IT IS ORDERED that:

1. The Deaf and Disabled Telecommunications Program (DDTP) 2002/03 fiscal year budget is augmented by a cap of \$16,956,350, as set forth in Appendix A, columns C and D and Appendix B, column C of this resolution.
2. The adopted DDTP budget augmentation includes \$5100 for the purpose of funding travel related expenses needed by current staff training new staff during the two-week overlap period. Written pre-approval of the Director of the Telecommunications Division is required before disbursing any funds for this purpose.
3. The adopted DDTP budget augmentation includes a supplementary contingency fund of \$100,000 for the use of the DDTP Executive Director to retain contracted consultants in the event key DDTP personnel sever their employment. Written pre-approval from the Director of the Telecommunications Division is required before any funds intended for such contracted consultants is disbursed.
4. The adopted DDTP budget augmentation includes \$699,600 to provide for temporary labor services in the event of DDTP staff turnover. Written pre-approval of the Director of the Telecommunications Division is required before any funds are disbursed for this purpose.
5. The adopted DDTP 2002/03 budget augmentation shall include a cap of \$13,864,650 to provide financial and operational stability to the program during July 1, 2003 through September 30, 2003 which is the first quarter of the transition period.
6. The Telecommunications Division, the Executive Director of the Deaf and Disabled Telecommunications Program and members of the Deaf and Disabled Telecommunications Program Administrative Committee shall work together to determine the current program contractors at-risk during the first quarter of the transition period.
7. The Telecommunications Division, the Executive Director of the Deaf and Disabled Telecommunications Program and members of the Deaf and Disabled Telecommunications Program Administrative Committee shall work together to determine the essential non-contracted program payments during the first quarter of the transition period.
8. The Commission Executive Director is authorized to review, approve and direct the Telecommunications Division to implement 1) the amending of current contracts to include up to a 25 percent advance payment to program contractors deemed at-risk during the first quarter of the transition period and 2) up to a ninety-day pre-payment to non-contracted program vendors to ensure essential goods and services during the first quarter of the transition period.

This Resolution is effective today.

I hereby certify that the Public Utilities Commission at its regular meeting on May 22, 2003, adopted this Resolution. The following Commissioners approved it:

/s/ WILLIAM AHERN

WILLIAM AHERN
Executive Director

MICHAEL R. PEEVEY
President
CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners

APPENDIX A

APPENDIX A
Budget for Services Provided to the
Deaf and Disabled Telecommunications Program

	A adopted 2002-2003 budget	B requested 2002-2003 budget augmentation (see Appendix B for details)	C adopted 2002-2003 budget augmentation (see Appendix B for details)	D adopted 2002-2003 budget (A+C=D) (includes updated surcharge revenue information)
Beginning Fund Balance	4,220,553	n/a	n/a	4,220,553
REVENUE				
Surcharges	58,575,000	n/a	n/a	79,727,205
Toll Revenues	0	n/a	n/a	0
Investment Income	0	n/a	n/a	0
Miscellaneous Income	0	n/a	n/a	0
CRS Damage Assessments	0	n/a	n/a	0
Interest Income	0	n/a	n/a	0
Total Revenue	58,575,000	n/a	n/a	79,727,205
PROGRAM EXPENSES				
TELECOM EXPENSES				
S.B. 597¹	2,042,800	0	510,700	2,553,500
S.B. 60¹	7,434,600	0	1,858,650	9,293,250
S.B. 244¹	27,952,800	0	6,988,200	34,941,000
Total Telecom Expenses	37,430,200	0	9,357,550	46,787,750
ADMIN / DEPT EXPENSES				
Communication Assistants²	180,600	0	50,150	230,750
Audit/Accounting²	390,000	110,000	207,500	597,500
Legal²	70,000	0	17,500	87,500
Consultants²	60,000	0	115,000	175,000
Financial Advisor²	18,000	0	4,500	22,500
Trustee²	37,000	0	9,250	46,250
DDTP Office Expense^{2, 3}	1,910,400	869,003	1,009,941	2,920,341
DDTPAC²	52,400	0	13,100	65,500
CRSAC²	61,000	0	15,250	76,250
EPAC²	48,400	0	12,100	60,500
Equipment Program⁴	2,230,700	206,405	685,195	2,915,895
Field Operations⁴	2,878,200	1,850,478	1,906,279	4,784,479
Customer Contact⁴	6,458,300	149,173	1,706,361	8,164,661
CRS⁴	502,500	155,399	221,170	723,670
Outreach Media & Materials⁴	1,753,000	0	438,250	2,191,250
Outreach Specialists⁴	1,377,900	930,842	937,254	2,315,154
Other Program Expenses⁵	0	0	250,000	250,000
Total Admin / Dept Expenses	18,028,400	4,271,300	7,598,800	25,627,200
TOTAL EXPENSES	55,458,600	4,271,300	16,956,350	72,414,950
Fund Balance as of June 30, 2003	7,336,953	n/a	n/a	11,532,808

¹ Item amounts are pre-allocated and pre-apportioned. See attached Views 1 - 2.

² Items will be 100% reallocated to General Administration. See attached Views 1 - 2

³ Includes apportionable administrative expenses. See attached View 1.

⁴ Items will be reallocated to SB 597, SB 60 and SB 244. See attached Views 1 - 2

⁵ Items will be reallocated to shared expenses. See View 1.

APPENDIX A VIEW 1: View Before Allocations and Apportionments

**Budget for Services Provided
to the Deaf and Disabled Telecommunications Program
2002-2003**

	A		D
	adopted		adopted 2002-
	2002-2003		2003 budget
	budget		augmented
Beginning Fund Balance	4,220,553	n/a	4,220,553
			0
RECEIPTS			0
Surcharges	58,575,000		79,727,205
Toll Revenues	0		0
Investment Income	0		0
Miscellaneous Income	0		0
CRS Damage Assessments	0		0
Interest Income	0		0
Total Receipts	58,575,000		79,727,205
DISBURSEMENTS			
S.B. 597¹	2,042,800		2,553,500
S.B. 60¹	7,434,600		9,293,250
S.B. 244¹	27,952,800		34,941,000
Total Program Disbursements	37,430,200		46,787,750
Equipment Program	2,230,700		2,915,895
Field Operations	2,878,200		4,784,479
Customer Contact	6,458,300		8,164,661
CRS	502,500		723,670
Marketing & Outreach	3,130,900		4,506,404
Administration	2,262,700		3,575,716
Shared Expenses	565,100		956,375
Total Disbursements	55,458,600		72,414,950

APPENDIX A VIEW 2(a): View After Apportionments

**Budget for Services Provided
to the Deaf and Disabled Telecommunications Program
2002-2003**

	A adopted 2002-2003 budget	D adopted 2002- 2003 budget augmented
Beginning Fund Balance	4,220,553	4,220,553
RECEIPTS		
Surcharges	58,575,000	79,727,205
Toll Revenues	0	0
Investment Income	0	0
Miscellaneous Income	0	0
CRS Damage Assessments	0	0
Interest Income	0	0
Total Receipts	58,575,000	79,727,205
DISBURSEMENTS		
S.B. 597¹	2,042,800	2,553,500
S.B. 60¹	7,434,600	9,293,250
S.B. 244¹	27,952,800	34,941,000
Total Program Disbursements	37,430,200	46,787,750
 Equipment Program	2,288,905	3,014,402
Field Operations	2,936,405	4,882,986
Customer Contact	6,516,505	8,263,168
CRS	541,492	789,660
Marketing & Outreach	3,189,105	4,604,911
 Administration	2,555,987	4,072,075
Total Disbursements	55,458,600	72,414,950

APPENDIX A VIEW 2(b): View After Apportionments and Allocations

Budget for Services Provided
to the Deaf and Disabled Telecommunications Program
2002-2003

	A adopted 2002-2003 budget	D adopted 2002- 2003 budget augmented
Beginning Fund Balance	4,220,553	4,220,553
RECEIPTS		
Surcharges	58,575,000	79,727,205
Toll Revenues	0	0
Investment Income	0	0
Miscellaneous Income	0	0
CRS Damage Assessments	0	0
Interest Income	0	0
Total Receipts	58,575,000	79,727,205
DISBURSEMENTS		
S.B. 597 ¹	3,854,803	5,090,538
S.B. 60 ¹	19,437,332	25,909,959
S.B. 244 ¹	29,610,479	37,342,379
Total Program Disbursements	52,902,613	68,342,875
Equipment Program	0	0
Field Operations	0	0
Customer Contact	0	0
CRS	0	0
Marketing & Outreach	0	0
Administration	2,555,987	4,072,075
Total Disbursements	55,458,600	72,414,950

APPENDIX B

APPENDIX B
Budget for Services Provided to the
Deaf and Disabled Telecommunications Program
Detail of Recommended and Adopted 2002-2003 Budget Augmentation

	B	Detail	C	Detail
	requested 2002-2003 budget augmentation		adopted 2002-2003 budget augmentation	
S.B. 597¹	0		510,700	25% cap for financial stability
S.B. 60¹	0		1,858,650	25% cap for financial stability
S.B. 244¹	0		6,988,200	25% cap for financial stability
Communication Assistants	0		50,150	\$45,150 cap for financial stability \$5,000 for American Sign Language Interpreters during Commission DDTP Transition meetings
Audit/Accounting	110,000	\$70,000 for audit \$40,000 for inventory	207,500	\$97,500 cap for financial stability \$70,000 for audit \$40,000 for inventory
Legal	0		17,500	25% cap for financial stability
Consultants	0		115,000	\$15,000 for financial stability \$100,000 for consultants to replace staff leaving during the transition
Financial Advisor	0		4,500	25% cap for financial stability
Trustee	0		9,250	25% cap for financial stability
DDTP Office Expense	869,003	\$593,775 for 25% advance payment \$93,800 for temporary labor \$159,928 for retention benefits \$500 for travel costs and \$21,000 for outplacement services	1,009,941	\$477,600 for financial stability \$375,403 for 25% advance payment \$93,800 for temporary labor \$41,638 for sickleave payout \$500 for travel costs and \$21,000 for outplacement services
DDTPAC	0		13,100	25% cap for financial stability
CRSAC	0		15,250	25% cap for financial stability
EPAC	0		12,100	25% cap for financial stability
Equipment Program	206,405	\$139,131 for 25% advance payment \$29,600 for temporary labor \$37,474 for retention benefits and \$200 for travel costs	685,195	\$557,675 for financial stability \$87,963 for 25% advance payment \$29,600 for temporary labor \$9,757 for sickleave payout and \$200 for travel costs
Field Operations	1,850,478	\$1,170,668 for 25% advance payment \$363,000 for temporary labor \$315,310 for retention benefits and \$1500 for travel costs	1,906,279	\$719,550 cap for financial stability \$740,136 for 25% advance payment \$363,000 for temporary labor \$82,093 for sickleave payout and \$1500 for travel costs
Customer Contact	149,173	\$101,212 for 25% advance payment \$20,500 for temporary labor \$27,261 for retention benefits and \$200 for travel costs	1,706,361	\$1,614,575 for financial stability \$63,989 for 25% advance payment \$20,500 for temporary labor \$7,097 for sickleave payout and \$200 for travel costs
CRS	155,399	\$105,566 for 25% advance payment \$19,900 for temporary labor \$28,433 for retention benefits and \$1500 for travel costs	221,170	\$125,625 cap for financial stability \$66,742 for 25% advance payment \$19,900 for temporary labor \$7,403 for sickleave payout and \$1500 for travel costs
Outreach Media & Materials	0		438,250	25% cap for financial stability
Outreach Specialists	930,842	\$596,248 for 25% advance payment \$172,800 for temporary labor \$160,594 for retention benefits and \$1200 for travel costs	937,254	\$344,475 cap for financial stability \$376,967 for 25% advance payment \$172,800 for temporary labor \$41,812 for sickleave payout and \$1,200 for travel costs
Other Program Expenses	0		250,000	\$250,000 for transition of accounting system
Total Augmentation	4,271,300		16,956,350	

DETAIL SUMMARY

Detail Subtotal	2,706,600	25% advance payment	1,711,200	25% advance payment for CCAF*
	110,000	audit/inventory	110,000	audit/inventory
	5,100	Contractor overlap -- travel costs	5,100	Contractor overlap -- travel costs
	729,000	retention benefits	100,000	consultants
	21,000	outplacement services	21,000	outplacement services
			189,800	sickleave payout
	699,600	temporary labor	699,600	temporary labor
			250,000	accounting system transition
			5,000	communications assistants
			13,864,650	25% cap for financial stability
Detail Total	4,271,300		16,956,350	

*pending approval of CCAF as contractor